

Article - Insurance

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§16–215.

(a) Except as otherwise provided in this section, a policy of life insurance may not be delivered or issued for delivery in the State if the policy excludes or restricts liability for death that is caused in a specified manner or occurs while the insured has a specified status.

(b) (1) Except as provided in paragraph (2) of this subsection, a policy of life insurance may contain a provision that excludes or restricts coverage for death under any of the following circumstances:

(i) death as a direct or indirect result of:

1. a declared or undeclared war;
2. action by military forces;
3. an act or hazard of a declared or undeclared war or of an action by military forces;
4. service in the military forces or in civilian forces auxiliary to the military forces; or
5. any cause while the insured is a member of the military forces of any country at war, declared or undeclared, or of any country engaged in an action by military forces;

(ii) death as a result of aviation or air travel;

(iii) death that occurs within 2 years after the date of issue of the policy as a result of a specified hazardous occupation or avocation;

(iv) death that occurs within 2 years after the date of issue of the policy while the insured resides outside of the continental United States and Canada; or

(v) death that occurs within 2 years after the date of issue of the policy as a result of suicide while sane or insane.

(2) A policy of life insurance may not be delivered or issued for delivery in the State if the policy excludes or restricts liability for death that is the result of an act of terrorism that the covered person did not commit and in which the covered person did not participate.

(3) If a policy contains an exclusion or restriction listed in this subsection, the policy also shall provide that, for death under the circumstances to which the exclusion or restriction applies, the insurer shall pay a determinable amount of at least:

(i) the reserve calculated in accordance with the Commissioner's reserve valuation method on the basis of the mortality table and interest rate specified in the policy for the calculation of nonforfeiture benefits; or

(ii) if the policy does not provide nonforfeiture benefits, the reserve calculated in accordance with a mortality table and interest rate determined by the insurer and specified in the policy.

(4) The table and interest rate used under paragraph (3) of this subsection must be acceptable as a standard for the valuation of the policy in accordance with Title 5, Subtitle 3 of this article with adjustment for indebtedness or dividend credit.

(c) This section does not apply to:

(1) group life insurance;

(2) reinsurance; or

(3) a provision in a policy of life insurance that relates to additional disability benefits or to additional benefits for death by accident or accidental means.

(d) This section does not prohibit any policy provision that in the opinion of the Commissioner is more favorable to the policyholder than a provision allowed by this section.

(e) Notwithstanding any other provision of law, in any newly issued policy of life insurance, the 2-year exclusion for death as a result of suicide allowed in subsection (b)(1)(v) of this section is deemed to begin on the date on which the insurer first issued a life insurance policy to the insured except that:

(1) the exclusion for death as a result of suicide may begin on the date of issue of the new policy if the prior policy terminates:

(i) before the date of issue of the new policy; or

(ii) more than 12 months after the date of issue of the new policy;

(2) if the newly issued policy provides death benefits in excess of the amount of death benefits payable under the prior policy, the exclusion for death as a result of suicide as to the excess amount of death benefits only may begin on the date of issue of the new policy; and

(3) for purposes of the exclusion for death as a result of suicide, if more than one prior policy is terminated within the 12-month period specified in item (1) of this subsection, the suicide exclusion period for the amount of death benefits represented by the terminated policies is deemed to have begun on the dates of issue of those policies.

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